

February 18, 2009

Marc Butler
Xstrata Nickel Smelter Business Unit
1 Longyear Road
Falconbridge, Ontario P0M 1S0

Re: Xstrata Nickel WTP 2008 Summary Report

Dear Marc;

Attached is the 2008 Summary Report for the Xstrata Nickel Water System, covering the period from January 1, 2008 to December 31, 2008. This report is completed based on the information we have in our records in accordance with Schedule 22 of O. Reg. 170/03, under the Safe Drinking Water Act, which requires a Summary Report to be prepared not later than March 31st of each year for the preceding calendar year.

Please note that any Orders that you have received directly from the MOE should be reviewed. Where non-compliance with the Order is evident and it is not included in the attached 2008 Summary Report, then we recommend that this information be added to the Summary Report.

After your review and inclusion of any additional information, this Summary Report is to be provided to the members of the Board of Directors. Please ensure this distribution.

Section 12 of O. Reg. 170/03, requires both the Summary Report and the Annual Report be made available for inspection by any member of the public during normal business hours, without charge. The reports should be made available for inspection at the office of the Owner, or at a location that is reasonably convenient to the users of the water system.

Sincerely,

Angela Dubois
Process/Compliance Technician
Ontario Clean Water Agency

XSTRATA PUMPHOUSE #7
WELL
SUPPLY SYSTEM
ANNUAL SUMMARY REPORT
2008



**Ontario Clean Water Agency
Agence Ontarienne Des Eaux**

SECTION 1: INTRODUCTION

This report is a summary of water quality information for the Xstrata Water Treatment Facility, published in accordance with Schedule 22 of Ontario's Drinking-Water Systems Regulation for the reporting period of January 1, 2008 to December 31, 2008. The Falconbridge Treatment Facility is categorized as a Large Municipal Residential Drinking Water System.

This report is prepared by The Ontario Clean Water Agency on behalf of Xstrata Nickel Ltd. A copy of the Summary Report is to be provided to the members of the Board of Directors by March 31, 2009.

SECTION 2: WHAT DOES THE REPORT CONTAIN

The report must list the requirements of the Act, the regulations, the system's approval and any order that the system **failed to meet** at any time during the period covered by the report. The report must also specify the duration of the failure, and for each failure referred to, describe the measures that were taken to correct the failure.

For the purpose of enabling the owner of the system to assess the rated capability of their system to meet existing and future planned water uses, the following information is required to be included in this report:

- A summary of the quantities and flow rates including average and maximum daily flows and the daily instantaneous peak flow rates.
- A comparison of the summary to the rated capacity and flow rates approved in the systems permit.

SECTION 3: DAILY FLOW RATES

In accordance with the Certificate of Approval condition 4.1, the Falconbridge water system shall not be operated to exceed a maximum rate of flow and a maximum daily volume of 16.4 L/sec per well or 49.2 L/sec total with three wells in operation, the maximum daily allowable output is 4250.88 m³/day

WELL IDENTIFIER	MAX. FLOW RATE L/sec	MAX. DAILY OUTPUT M³/Day
Well 5	17.61	1404.0
Well 6	18.84	1605.0
Well 7	20.51	1419.25
PERMITTED CAPACITY	16.4	4250.88

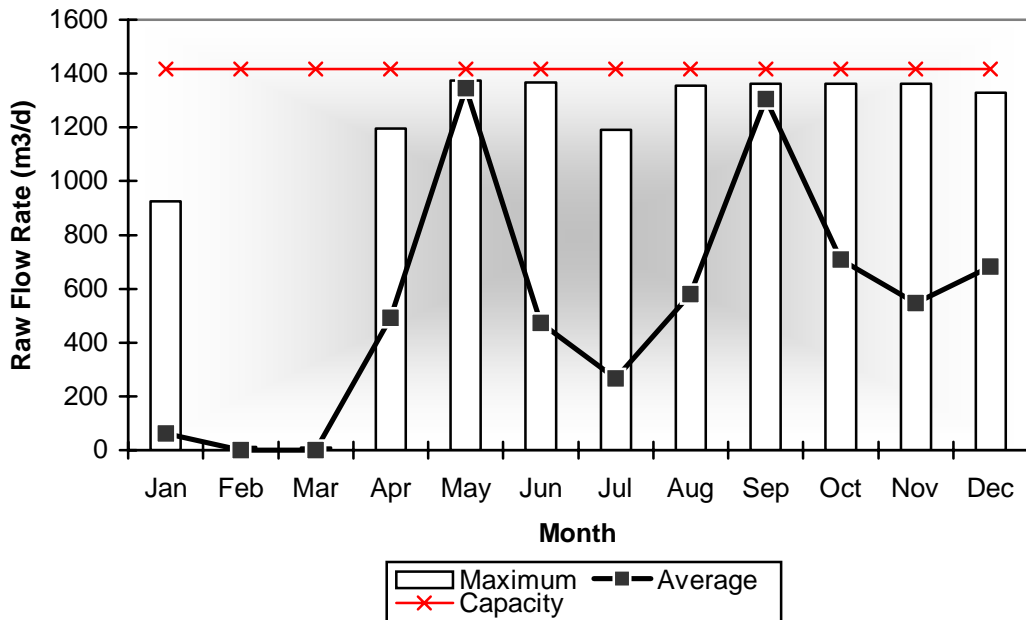
Throughout this past year the water was drawn equally from Wells #5, 6 and 7.

Attached as Appendix A, find a summary of raw water flows for each well, including average and maximum flows. Totals for all flows are included in the table below.

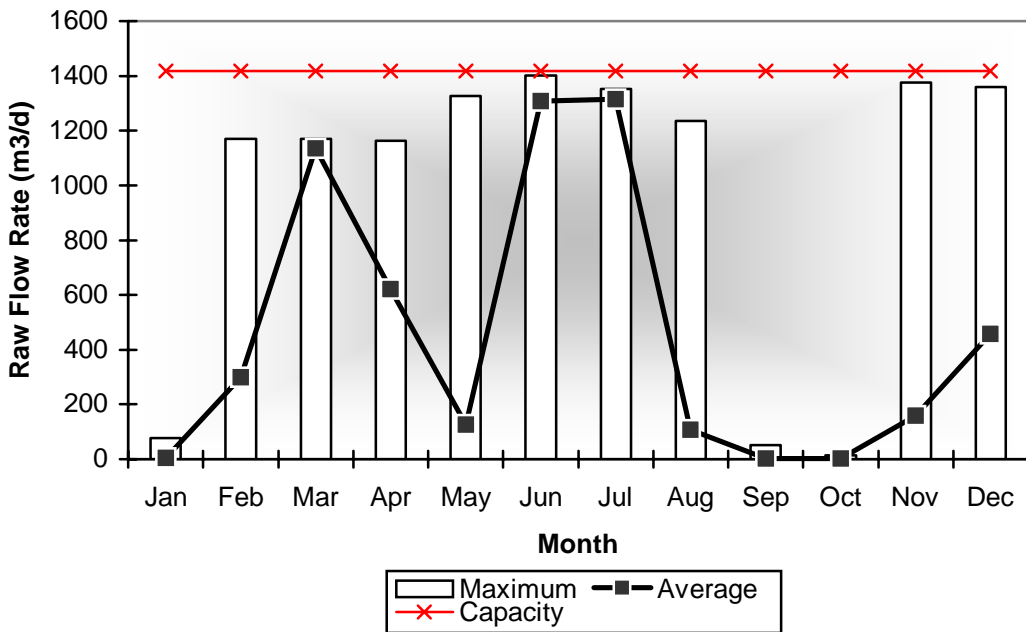
The monthly average treated flow for this reporting period was 1431.6 m³/d and the maximum daily flow for 2008 was 3170.6 m³/d.

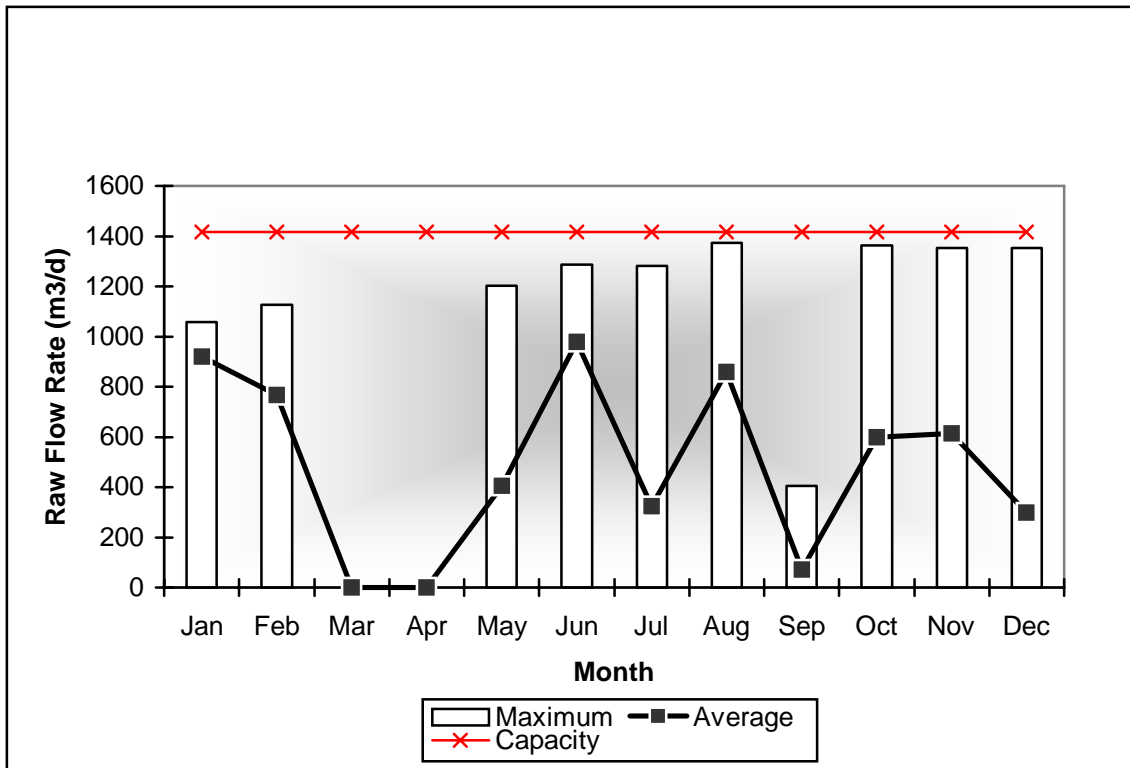
2008	TOTAL ALL WELLS		
Month	Average Monthly Raw Flow (m3/d)	Maximum Monthly Raw Flow (m3/d)	Allowable Daily Rate of Water Taking (m3/d)
January	959.0	1069.1	4250.88
February	1047.5	1160.7	4250.88
March	1129.3	1210.4	4250.88
April	1075.2	1155.3	4250.88
May	1861.3	2722.2	4250.88
June	2661.4	3170.6	4250.88
July	1826.8	2969.9	4250.88
August	1478.5	2610.4	4250.88
September	1363.4	1647.3	4250.88
October	1251.8	1570.9	4250.88
November	1237.8	1348.8	4250.88
December	1281.8	1609.9	4250.88

Pumphouse #7 2008: Well 5 Average and Maximum Monthly Raw Flow Rates



Pumphouse #7 2008: Well 6 Average and Maximum Monthly Raw Flow Rates





Comparison of the monthly average and maximum flow rates to the rated flow capacity for each well

SECTION 4: SYSTEM FAILURES AND CORRECTIONS

There was no Ministry of the Environment inspection conducted during the 2008 reporting period.

A copy of both Certificates of Approval that were in effect in 2008 is attached as Appendix B and a copy of the Permit to Take Water is attached as Appendix C.

SECTION 5: CONCLUSION

The Xstrata Well Supply delivers water that, in almost all its treated and distribution samples, indicates the water to be free of bacteriological contamination. There was one report filed for Total Coliforms which received clean results when re-sampled.

For the 2008 operating year, the Xstrata Well Supply was able to meet the demand of water use without exceeding the Certificate of Approval.

Attached as Appendix D, find the 2008 Annual Report as required by Drinking-Water System Regulation O. Reg. 170/03.

APPENDIX A

Annual Record of Water Taking

Personal information contained on this form is collected under the authority of the Ontario Water Resources Act, Section 20. The Purpose of the form is to record details and information about the taking of water annually. Questions should be directed to the respective hub office in your area.

Les renseignements personnels qui figurent dans le présent formulaire sont recueillis en vertu de l'article 20 de la Loi sur les ressources en eau de l'Ontario. Ce formulaire sert à dossiers les détails et les renseignements concernant la prise d'eau annuelle. Prière d'adresser toutes questions au personnel du bureau régional de votre secteur.

Year(Année): 2008 Permit No.(N° de permis): Source: Ground Water
 Location: RW5 - Well 5

Name of Permittee: Mailing Address:
Nom du titulaire du permis Adresse postale

Location Of Taking: Twp. or Municipality: Concession: Lot:
Lieu de la prise d'eau Canton ou municipalité

Rated Capacity(m3/day) Peak Daily Rate Of Taking(L/sec) Peak Daily Rate of Taking (L/min)
capacité nominale Debit de pointe journalier Debit de pointe journalier
 1,416.96

	Jan/2008	Feb/2008	Mar/2008	Apr/2008	May/2008	Jun/2008	Jul/2008	Aug/2008	Sep/2008	Oct/2008	Nov/2008	Dec/2008	<-- Total -->	<-- Avg. -->	<-- Max. -->	<-- Criteria-->
Total Amt of Taking(m3)	1,882.9	37.45	33.44	14,786.19	41,740.83	14,208.85	8,277.19	18,019.42	39,139.62	21,954.42	16,390.35	21,132.15	197,602.81	16,466.9	41,740.83	
Avg Daily Taking(m3)	60.74	1.29	1.08	492.87	1,346.48	473.63	267.01	581.27	1,304.65	708.21	546.35	681.68		538.77		1,416.96
%Rated Capacity(Avg. Daily Taking)	4.29	0.09	0.08	34.78	95.03	33.43	18.84	41.02	92.07	49.98	38.56	48.11				
Max Daily Flow(m3)	926.0	10.81	9.18	1,195.0	1,374.0	1,366.0	1,191.0	1,356.0	1,363.0	1,362.0	1,362.0	1,329.0			1,374.0	1,416.96
%Rated Capacity(Max Daily Flow)	65.35	0.76	0.65	84.34	96.97	96.4	84.05	95.7	96.19	96.12	96.12	93.79				
Avg Daily Rate of Taking(L/sec)	1.48	0.71	0.71	7.13	15.72	8.98	5.73	7.33	15.28	8.7	6.63	8.94		7.28		

Personal information contained on this form is collected under the authority of the Ontario Water Resources Act, Section 20. The Purpose of the form is to record details and information about the taking of water annually. Questions should be directed to the respective hub office in your area.

Les renseignements personnels qui figurent dans le présent formulaire sont recueillis en vertu de l'article 20 de la Loi sur les ressources en eau de l'Ontario. Ce formulaire sert à dossiers les détails et les renseignements concernant la prise d'eau annuelle. Prière d'adresser toutes questions au personnel du bureau régional de votre secteur.

Year(Année): 2008 Permit No.(N° de permis): Source: Ground Water
 Location: RW6 - Well 6

Name of Permittee: Mailing Address:
Nom du titulaire du permis Adresse postale

Location Of Taking: Twp. or Municipality: Concession: Lot:
Lieu de la prise d'eau Canton ou municipalité

Rated Capacity(m3/day) Peak Daily Rate Of Taking(L/sec) Peak Daily Rate of Taking (L/min)
capacité nominale Debit de pointe journalier Debit de pointe journalier
 1,416.96

	Jan/2008	Feb/2008	Mar/2008	Apr/2008	May/2008	Jun/2008	Jul/2008	Aug/2008	Sep/2008	Oct/2008	Nov/2008	Dec/2008	<-- Total -->	<-- Avg. -->	<-- Max. -->	<-- Criteria-->
Total Amt of Taking(m3)	123.28	8,649.72	35,178.63	18,629.32	3,764.59	39,246.2	40,795.92	3,307.46	98.4	51.57	4,732.35	14,182.15	168,759.59	14,063.3	40,795.92	
Avg Daily Taking(m3)	3.98	298.27	1,134.79	620.98	125.49	1,308.21	1,316.0	106.69	3.28	1.66	157.74	457.49		461.21		1,416.96
%Rated Capacity(Avg. Daily Taking)	0.28	21.05	80.09	43.82	8.86	92.32	92.87	7.53	0.23	0.12	11.13	32.29				
Max Daily Flow(m3)	76.0	1,170.0	1,170.0	1,164.0	1,327.0	1,402.0	1,353.0	1,235.0	52.04	15.33	1,375.0	1,360.0			1,402.0	1,416.96
%Rated Capacity(Max Daily Flow)	5.36	82.57	82.57	82.15	93.65	98.94	95.49	87.16	3.67	1.08	97.04	95.98				
Avg Daily Rate of Taking(L/sec)	1.02	4.31	14.16	7.94	2.61	15.24	15.36	2.31	1.09	0.99	2.81	7.82		6.3		

Personal information contained on this form is collected under the authority of the Ontario Water Resources Act, Section 20. The Purpose of the form is to record details and information about the taking of water annually. Questions should be directed to the respective hub office in your area.

Les renseignements personnels qui figurent dans le présent formulaire sont recueillis en vertu de l'article 20 de la Loi sur les ressources en eau de l'Ontario. Ce formulaire sert à dossiers les détails et les renseignements concernant la prise d'eau annuelle. Prière d'adresser toutes questions au personnel du bureau régional de votre secteur.

Year(Année): 2008 Permit No.(N° de permis): Source: Ground Water
 Location: RW7 - Well 7

Name of Permittee: Mailing Address:
Nom du titulaire du permis Adresse postale

Location Of Taking: Twp. or Municipality: Concession: Lot:
Lieu de la prise d'eau Canton ou municipalité

Rated Capacity(m3/day) Peak Daily Rate Of Taking(L/sec) Peak Daily Rate of Taking (L/min)
capacité nominale Debit de pointe journalier Debit de pointe journalier
 1,416.96

	Jan/2008	Feb/2008	Mar/2008	Apr/2008	May/2008	Jun/2008	Jul/2008	Aug/2008	Sep/2008	Oct/2008	Nov/2008	Dec/2008	<-- Total -->	<-- Avg. -->	<-- Max. -->	<-- Criteria-->
Total Amt of Taking(m3)	28,511.63	22,252.43	0	0	12,536.74	29,336.54	10,051.52	26,615.66	2,121.62	18,612.37	18,378.54	9,200.5	177,617.55	14,801.46	29,336.54	
Avg Daily Taking(m3)	919.73	767.33	0	0	404.41	977.88	324.24	858.57	70.72	600.4	612.62	296.79		486.06		1,416.96
%Rated Capacity(Avg. Daily Taking)	64.91	54.15	0	0	28.54	69.01	22.88	60.59	4.99	42.37	43.23	20.95				
Max Daily Flow(m3)	1,058.0	1,126.0	0	0	1,202.0	1,286.0	1,281.0	1,372.0	404.0	1,363.0	1,352.0	1,353.0			1,372.0	1,416.96
%Rated Capacity(Max Daily Flow)	74.67	79.47	0	0	84.83	90.76	90.4	96.83	28.51	96.19	95.42	95.49				
Avg Daily Rate of Taking(L/sec)	13.26	10.51	0	0	6.64	13.5	6.76	11.89	2.79	7.35	7.47	6.46		7.22		